

Decision \_\_\_\_\_

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Investigation into Statements by  
SBC Communications, Inc. and SBC Pacific Bell  
Regarding Potential Reductions to Service  
Quality.

Investigation 02-11-008  
(Filed November 8, 2002)

**O P I N I O N****I. Summary**

By this order, we close this investigation because the Commission's Telecommunications Division (TD) did not find a correlation between reductions in service quality and the workforce reductions implemented by Pacific Bell Telephone Company dba SBC California (SBC California) that are the subject of this investigation, and no party objected to its closure.

**II. Background**

On November 8, 2002, the Commission issued Order Instituting Investigation 02-11-008 (Order). The purpose of this proceeding is to determine whether workforce reductions announced by SBC Communications, Inc., (SBC), parent of SBC California, will have any adverse effect on the quality of service provided by SBC California and SBC Advanced Solutions, Inc. (ASI) to their retail and wholesale customers or on their other obligations as regulated telecommunications carriers.

The Order required SBC California and ASI to respond to detailed questions concerning (1) statements by SBC and SBC California to the effect that the workforce reductions may or will harm service quality, (2) whether the

workforce reductions are likely to lead to diminished service quality in California in either the short or long term, and (3) whether the workforce reductions are likely to diminish the ability of SBC California and ASI to meet their obligations and furnish timely information to the Commission, including such items as audit information, responses to general information requests, service quality data, and other monitoring reports.

The Commission preliminarily determined that the scope of this proceeding was (1) to determine the impact of the announced workforce reductions on the ability of SBC California and ASI to serve their retail and wholesale customers and otherwise meet their regulatory obligations and (2) based on such determinations, to take any steps the Commission may find necessary. The Order stated that the final scope of this proceeding would be determined in one or more scoping rulings to be issued by the Assigned Commissioner. The Order further preliminarily determined this to be a “ratesetting” proceeding and that there may be a need for evidentiary hearings.

The Order directed SBC California and ASI to provide verified responses to the questions in Attachment A of the Order. The Order also directed parties to file comments on the Order, and SBC California and ASI’s responses to the Attachment A questions. The Order invited parties to address whether the Commission should take any steps to protect retail or wholesale service quality and, if so, what those steps should be. The Order also invited parties to address whether the Commission should take steps to ensure SBC California and ASI meet their other regulatory obligations and, if so, what those steps should be. Parties were directed to include in their opening comments any objections they had regarding (1) the preliminary determination that evidentiary hearings are required and (2) the preliminary scope and timetable for this proceeding.

On November 14, 2002, SBC California and ASI jointly filed verified responses to the questions in Attachment A to the Order. Thereafter, opening and reply comments were filed by the parties. SBC California also responded to data requests by the Office of Ratepayer Advocates and TD.

The Assigned Commissioner's April 10, 2003 scoping memo and ruling (scoping ruling) refined and clarified the scope of the proceeding in response to the parties' comments. It stated that the scope of this proceeding is limited to determining what impact the workforce reductions have had or are likely to have on service quality provided by SBC California and ASI to their wholesale and retail customers in California. To make this determination, SBC California's and ASI's quality of service to their wholesale and retail customers was to be assessed for the period beginning January 1, 2001 and ending December 31, 2002 (baseline period). Service quality for the baseline period would then be compared with service quality from January 1, 2003 through December 31, 2004 (test period).

The scoping ruling identified service quality measures and data sources that would be used to test changes in service quality to retail customers for both the baseline period and the test period and required SBC California and ASI to provide data to the parties.

The scoping ruling also provided that the effect of layoffs on service to wholesale customers would be measured by reference to the existing reports required of SBC by the Performance Incentive Plan (PIP). SBC was required to furnish all parties with copies of its PIP reports simultaneously with their delivery to the Commission.

In addition to the above information, SBC California and ASI were required to supply all parties with:

1. a list of jobs, including job titles and descriptions, that have been or will be eliminated as part of the workforce reductions that provided support to SBC California's and ASI's California operations, together with a head count of employees laid off for each such job category;
2. a list of jobs, including job titles and descriptions, that have been or will be eliminated by SBC California's affiliate SBC Services, Inc. as part of the workforce reductions, together with a head count of employees laid off for each such job category; and
3. the total number of monthly overtime hours worked by SBC California's and ASI's California employees engaged in providing customer service for each month from January 1, 2002 through March 31, 2003.

On August 12, 2003, the Assigned Commissioner issued a ruling that, among other things, dismissed ASI from this proceeding, and identified the test period as January 1, 2003 through December 31, 2003. The ruling also provided that SBC California's JPSA filings would be used to measure service quality and that discovery would conclude on March 30, 2004.<sup>1</sup>

TD issued a report, dated August 31, 2005, on its analysis of the base year and test year data. While TD found some areas where service quality had declined, it did not indicate any correlation between reductions in service quality and the SBC California workforce reductions that are the subject of this investigation.

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<sup>1</sup> Decision 01-05-087 adopted a Joint Partial Settlement Agreement (JPSA) to which SBC California was a party. The JPSA filings are made pursuant to the JPSA.

On October 21, 2005, the assigned administrative law judge (ALJ) issued a ruling that stated his intent to close this proceeding based on the TD report. The ruling required any party who believed that this proceeding should remain open to provide a full and complete explanation of why it should be kept open.<sup>2</sup> Only The Utility Reform Network (TURN) filed a response to the ruling. In its response, TURN did not object to closing the proceeding, provided that the Commission does not conclude that there is no correlation between reductions in service quality and the SBC California workforce reductions.

### **III. Discussion**

This proceeding was initiated to determine whether a correlation exists between any reductions in service quality and the SBC California workforce reductions, and take appropriate action if such a correlation exists. TD studied the data and did not find such a correlation.<sup>3</sup> In addition, no party has expressed a desire to keep this proceeding open. Therefore, we see no reason to keep this proceeding open, and will close it.

### **IV. TURN's Motion**

On November 18, 2005, TURN filed a motion to submit a late-filed response to the ALJ's ruling. No party filed an objection to the motion, and we have no reason to believe that any party would be disadvantaged by granting the motion. Therefore, we grant it.

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<sup>2</sup> TD's report was attached to the ALJ's ruling.

<sup>3</sup> This does not mean that such a correlation does not exist. It merely means that none was found.

**V. Need for Hearings**

For the reasons discussed above, no hearings are necessary.

**VI. Comments on the Draft Decision**

This decision is consistent with the ALJ ruling discussed above. Given the response to the ALJ ruling, we find that this is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

**VII. Assignment of Proceeding**

Dian M. Grueneich is the Assigned Commissioner and Jeffrey P. O'Donnell is the assigned ALJ in this proceeding.

**Findings of Fact**

1. TD did not find a correlation between reductions in service quality and the SBC California workforce reductions.
2. In response to the ALJ's October 21, 2005 ruling, no party objected to closing this proceeding.
3. No party objected to TURN's November 18, 2005 motion to submit a late-filed response to the ALJ's October 21, 2005 ruling, and no party would be disadvantaged by granting it.

**Conclusions of Law**

1. TURN's November 18, 2005 motion to submit a late-filed response to the ALJ's October 21, 2005 ruling should be granted.
2. This proceeding should be closed.
3. No hearings are necessary for this proceeding.
4. This order should be effective today.

**O R D E R**

**IT IS ORDERED** that:

1. The Utility Reform Network's November 18, 2005 motion to submit a late-filed response to the assigned Administrative Law Judge's October 21, 2005 ruling is granted.

2. No hearings are necessary for this proceeding.

3. Investigation 02-11-008 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.